

Economic Impact of Aviation in Arizona

Presented by:



Arizona Department of
Transportation
Aeronautics Division

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Aviation Contributes \$38.5 Billion to the Arizona Economy

PRIMARY IMPACT

Economic Activity
\$18.2 Billion
Employment
228,561
Payroll
\$7.0 Billion



INDUCED IMPACT

Multiplier Effects
Realized as Spending
by suppliers and
users of aviation
circulates in
Arizona's
economy

TOTAL IMPACT

Economic Activity
\$38.5 Billion
Employment
470,708
Payroll
\$14.7 Billion



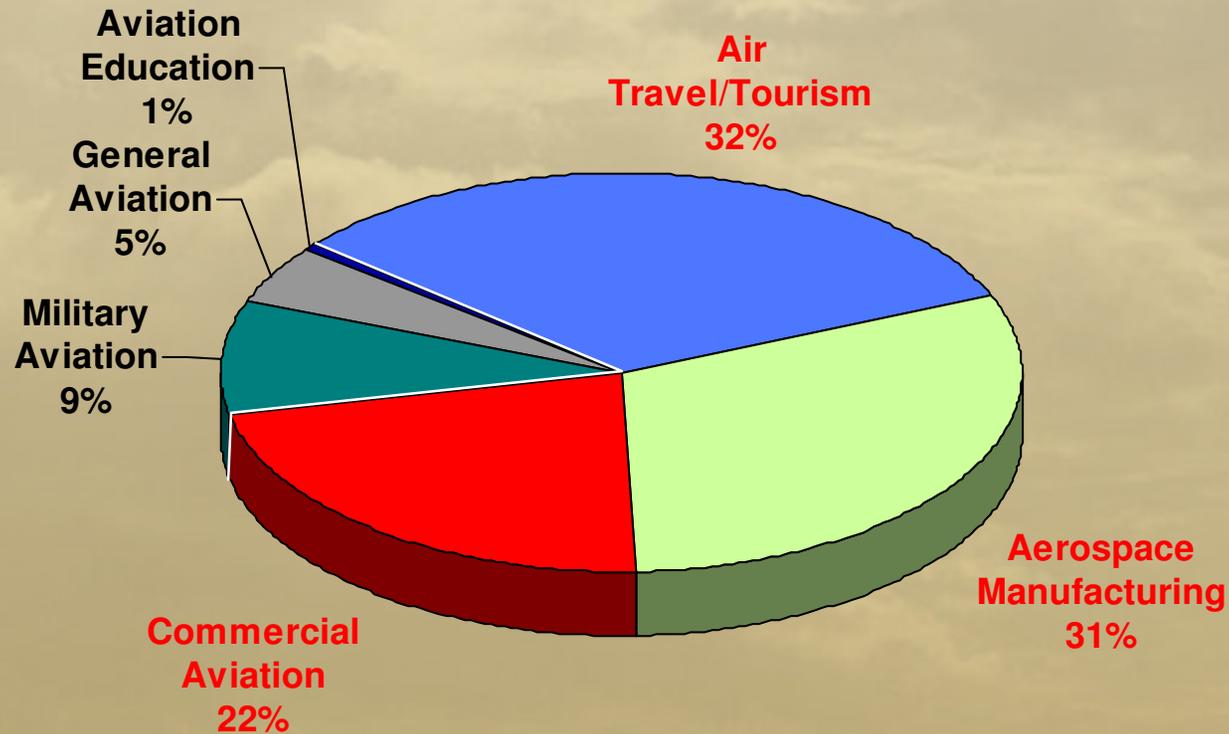
Primary Economic Impacts of Aviation in Arizona, 2002

- Over 228,000 Jobs
- \$7 Billion in Wages and Benefits
- \$18.2 Billion in Economic Output

Aviation Sector	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Commercial Aviation	39,487	\$1,454	\$4,071
General Aviation	9,821	\$362	\$842
Aviation Education	1,230	\$46	\$110
Aerospace Manufacturing	28,768	\$1,777	\$5,628
Military Aviation	28,497	\$989	\$1,678
Air Travel/Tourism	120,757	\$2,419	\$5,910
Total	228,561	\$7,047	\$18,240

Air Visitors, Aerospace and Commercial Aviation Account for 85% of the Primary Economic Impacts

Primary Economic Output by Aviation Sector



Change in Primary Economic Impacts, 1998 to 2002

- + 61,000 Jobs
- + \$2.3 Billion in Wages and Benefits
- + \$1.7 Billion in Economic Output

Aviation Sector	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Commercial Aviation	10,055	\$478	\$74
General Aviation	(773)	\$33	(\$259)
Aviation Education	(94)	\$4	\$6
Aerospace Manufacturing	1,832	\$271	\$735
Military Aviation	6,611	\$360	\$243
Air Travel/Tourism	43,605	\$1,113	\$890
Total	61,237	\$2,260	\$1,689

The Commercial Aviation Sector Generated \$4.1 Billion in Primary Economic Output in 2002

- 39,000 Jobs
- \$1.5 Billion in Wages & Benefits
- \$4.1 Billion in Economic Output
- Airlines Contribute 57% of Primary Economic Output
- Air Cargo and Courier Agents Contribute 18%

	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Airlines (on airport)	13,954	\$656	\$2,148
Airline Ticket Agents (off airport)	<u>2,551</u>	<u>\$71</u>	<u>\$173</u>
Subtotal Airlines	16,505	\$727	\$2,321
Air Cargo and Courier Agents	9,449	\$307	\$765
Airport Businesses	5,913	\$146	\$429
Ground Transportation	2,599	\$62	\$122
Government Services	1,879	\$60	\$80
Airport Administration	719	\$49	\$120
Airport Construction	2,424	\$102	\$235
Total	39,487	\$1,454	\$4,071

Change in Primary Economic Impacts of Commercial Aviation, 1998 to 2002

- + 10,000 Jobs
- + \$478 Million in Wages and Benefits
- + \$74 Million in Economic Output

	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Airlines (on and off airport)	1,442	\$121	(\$619)
Air Cargo and Courier Agents	7,822	\$256	\$618
Airport Businesses	(1,323)	\$6	(\$37)
Ground Transportation	191	\$1	(\$26)
Government Services	1,291	\$30	\$5
Airport Administration	(294)	\$5	\$9
Airport Construction	927	\$59	\$124
Total	10,055	\$478	\$74



The General Aviation Sector Generated \$842 Million in Primary Economic Output in 2002

- 10,000 Jobs
- \$362 Million in Wages & Benefits
- \$842 Million in Economic Output
- Aircraft Sales & Service Account for 63% of Primary Economic Output
- Aerial Services are 23%

	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Non-scheduled Carriers	635	\$27	\$64
Aircraft Sales and Service	5,920	\$223	\$528
Aerial Services	2,456	\$82	\$195
Government Services	260	\$11	\$13
Airport Administration	297	\$9	\$18
Airport Construction	253	\$11	\$24
Total	9,821	\$362	\$842

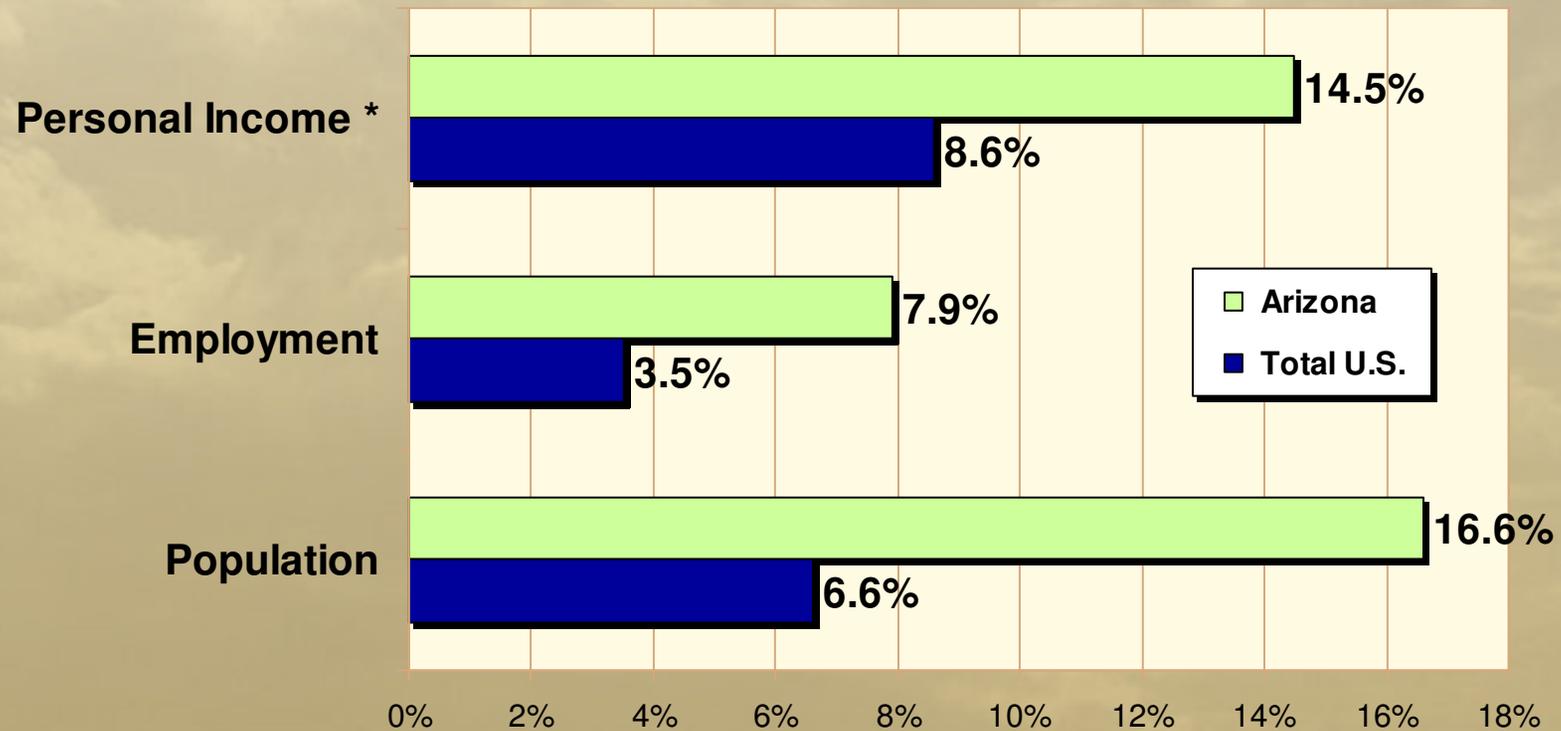
Change in Primary Economic Impacts of General Aviation, 1998 to 2002

- - 800 Jobs
- + \$33 Million in Wages and Benefits
- - \$259 Million in Economic Output

	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Non-scheduled Carriers	(477)	(\$12)	(\$106)
Aircraft Sales and Service	(2,379)	(\$29)	(\$291)
Aerial Services	1,960	\$69	\$147
Government Services	12	(\$1)	(\$15)
Airport Administration	79	\$1	(\$2)
Airport Construction	32	\$4	\$7
Total	(773)	\$33	(\$259)

Arizona Experienced Above Average Growth in Key Economic Measures

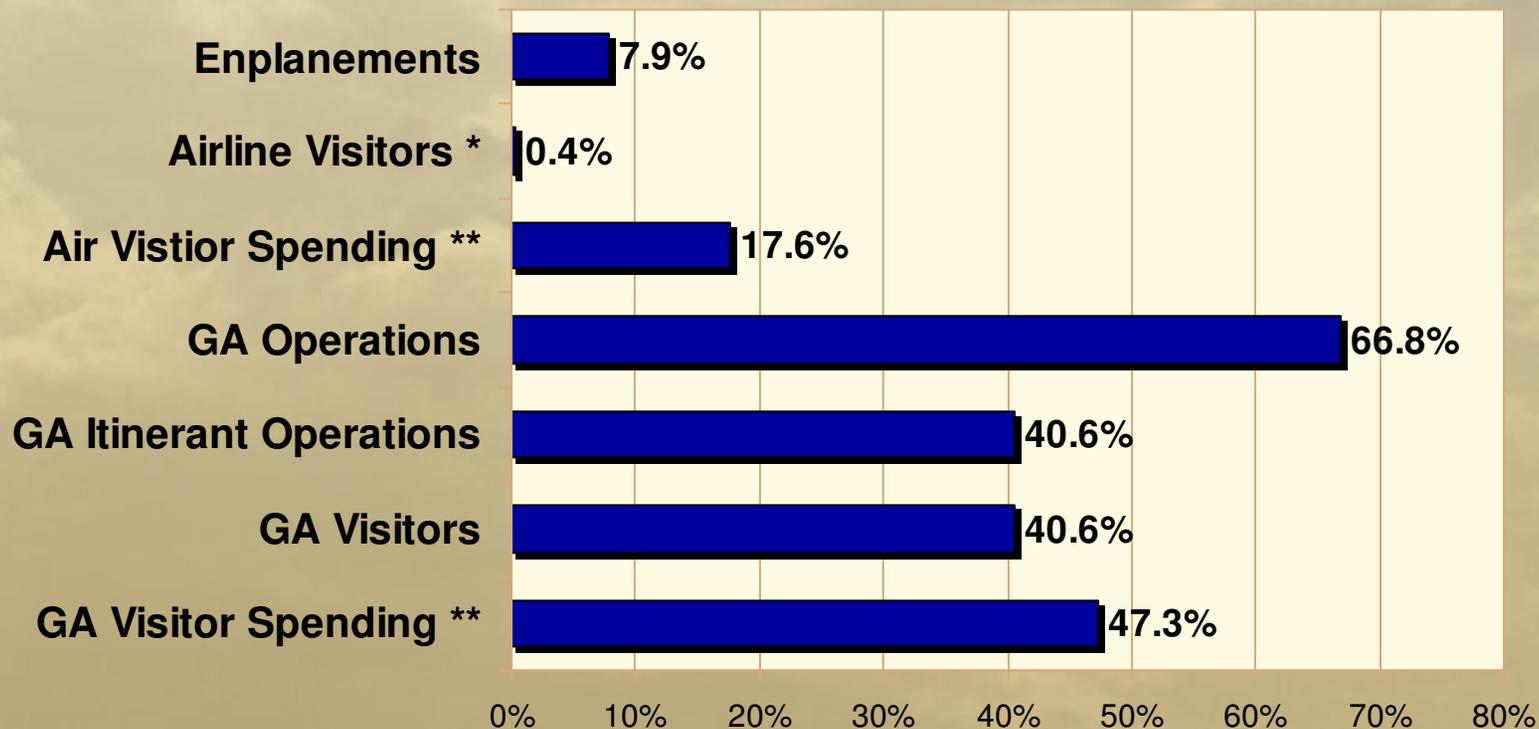
Percent Change, 1998 – 2002



Source: US Bureau of Labor Statistics, US Bureau of Economic Analysis, and US Census Bureau.

Commercial and General Aviation Activities Also Increased from 1998 to 2002

Percent Change, 1998 – 2002



* Reflects a methodological change in calculating the number of air visitors.

** Percent change in constant dollars

Other Aviation Sectors Contributed \$13.3 Billion in Primary Economic Output to Arizona's Economy

- 179,000 Jobs
- \$5.2 Billion in Wages & Benefits
- \$13.3 Billion in Economic Output
- Impacts Principally from Air Visitor Spending and Aerospace Manufacturing

Aviation Sector	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Air Travel	120,757	\$2,419	\$5,910
Aerospace Manufacturing	28,768	\$1,777	\$5,628
Military Aviation	28,497	\$989	\$1,678
Aviation Education	1,230	\$46	\$110
Total	179,252	\$5,231	\$13,326



Change in Primary Economic Impacts of Other Aviation Sectors, 1998 to 2002

- + 52,000 Jobs
- + \$1.7 Billion in Wages and Benefits
- + \$1.9 Billion in Economic Output

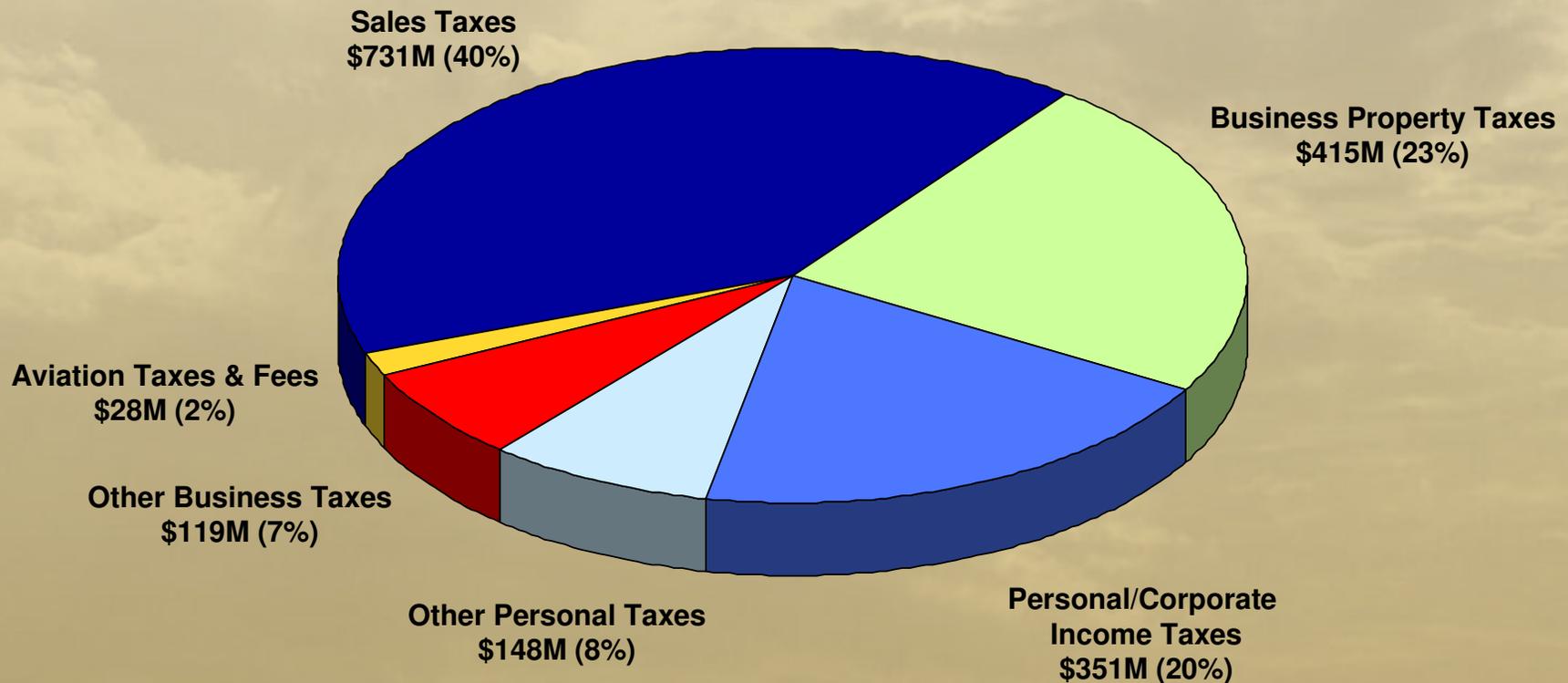
Aviation Sector	Employment	Payroll (\$ Millions)	Economic Output (\$ Millions)
Air Travel	43,605	\$1,113	\$890
Aerospace Manufacturing	1,832	\$271	\$735
Military Aviation	6,611	\$360	\$243
Aviation Education	(94)	\$4	\$6
Total	51,954	\$1,744	\$1,874

Other Key Difference from 1998 Economic Impact Study

- **Government Services:** Increased Employment due to TSA
- **Commercial Airport Administration:** Less Employment Reported per Airport Manager Surveys
- **Airport Construction:** Increases Reported per Airport Manager's Survey
- **Travel Agents:** A Decline in Statewide Travel Agent Employment
- **Aerospace Manufacturing:** An Increase in Statewide Employment
- **Military:** An Increase in Statewide Employment (based on Maguire Associates Study)
- **Air Sightseeing and Air Ambulance Services:** Increase Due to a Change in Reporting
 - Now included in Aerial Services, but formerly included in GA Airport Administration

Aviation Generates \$1.8 Billion in Annual Tax Revenue for Arizona

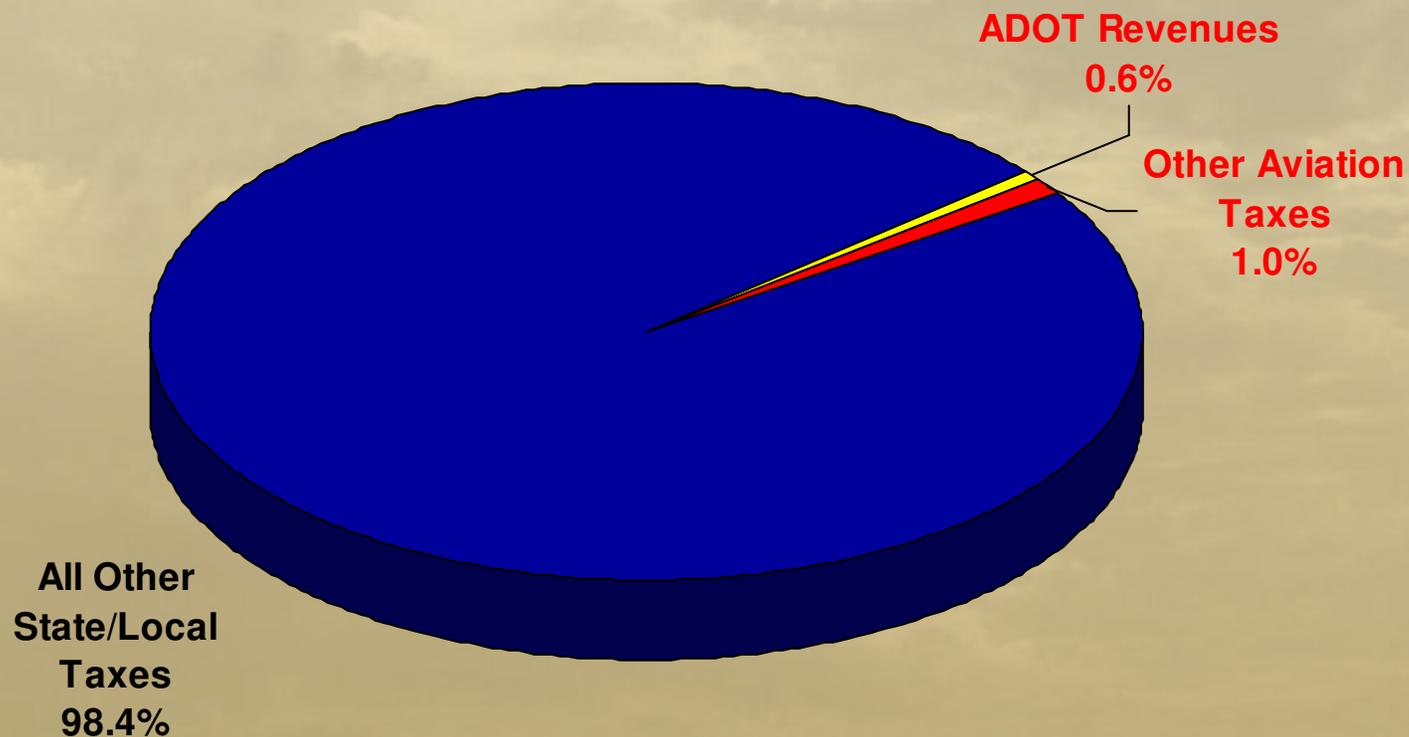
State and Local Tax Revenues Generated by Aviation Activities and Multiplier Impacts



Note: State and local tax revenues. Includes multiplier effects.

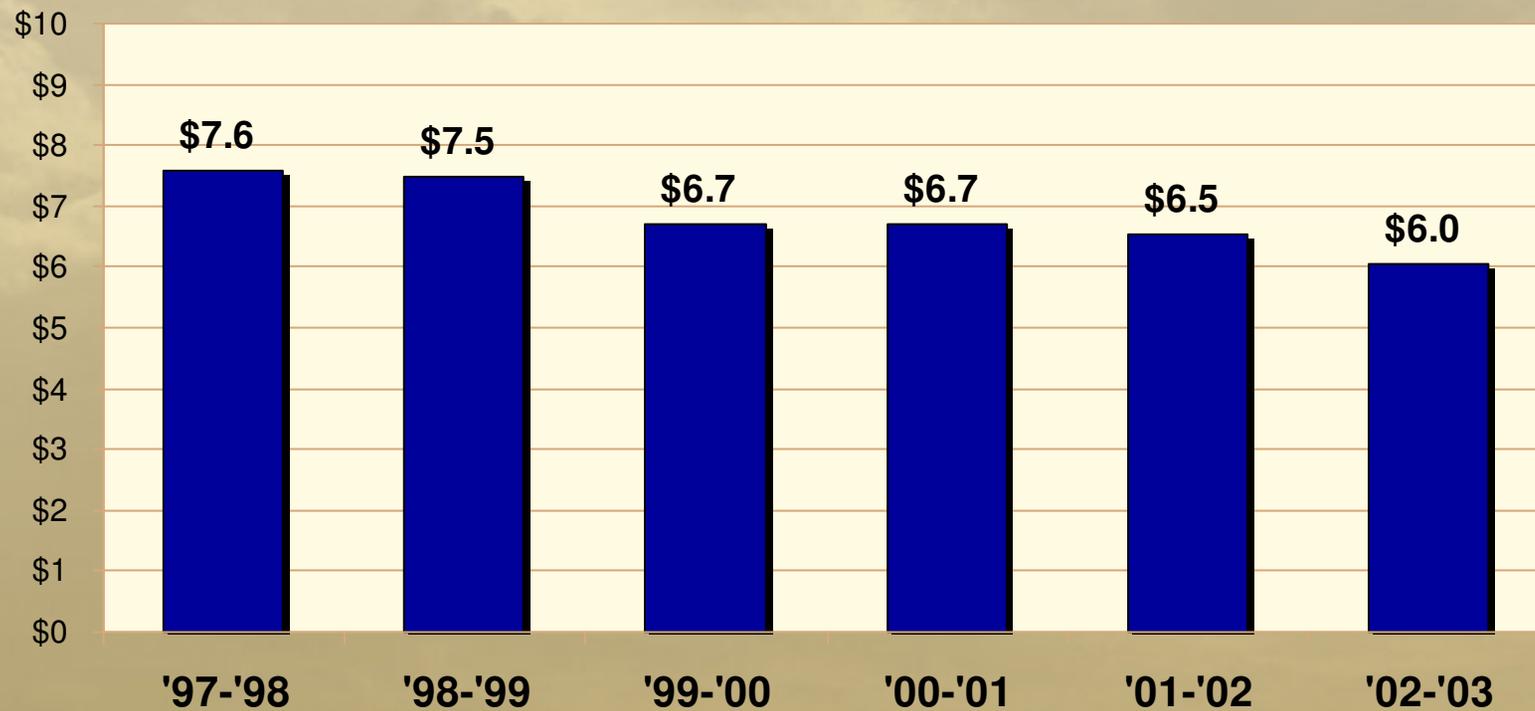
Less than One Percent of the Total Taxes Generated by Aviation are Allocated to the Aeronautics Division

State and Local Tax Revenues Generated by Aviation Activities and Multiplier Impacts



Since 1997, the State Aviation Fund Has Suffered a Cumulative Loss of \$41 Million Due to the Flight Property Tax Diversion

Flight Property Tax Revenues Diverted to the State General Fund, (*millions*)



If the Diverted Flight Property Taxes were Used for Airport Development...

- **Arizona would have realized \$90.4 million in cumulative economic benefits (including the multiplier effects)**
- **The diverted flight property taxes would have created an additional 65 aviation jobs per year, at an average salary of \$45,200**
- **And would have supported a total of 157 jobs per year (including the multiplier effects) at an average salary of \$38,800**